



Canada Customs and Revenue Agency

2002-2003
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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innovation

Summary of the Corporate Business Plan 2002-2003 to 2004-2005

More Ways to Serve You!
Pour vous servir encore mieux!



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada

Minister

Message from the



Since our last *Corporate Business Plan*, the environment in which the Canada Customs and Revenue Agency (CCRA) operates has changed significantly. In the wake of the events of September 11, our customs program responded to dramatically higher levels of concern for personal and economic security. The fact that we could move quickly, and with additional resources in the federal budget, fast-track the implementation of measures that had already been developed, is a tribute to this organization's capacity for innovation and learning.

As a subscriber to the theory of continuous improvement, I believe that we must constantly strive to innovate in delivering service to Canadians. We must have a strong capacity to adjust to changing realities and anticipate

Canada's future needs. The CCRA, a unique innovation in modern governance, allows us to respond quickly and effectively to these challenges.

With an annual budget of over \$3 billion and more than a quarter of the federal public service, the CCRA is, by any measure, this country's largest public-sector service provider. Mobilizing people and resources quickly and responsibly in such a diverse and complex organization is a significant undertaking. With the *Customs Action Plan* well underway, the CCRA has been able to accelerate the modernization of our border system to keep Canadians safe, terrorists out, and our borders open to legitimate international trade and travel that is so vital to the growth and prosperity of our nation. As well, our ongoing work with our American partners will enable us to contribute to a modern "smart" border for traders and travellers alike.

As we look to the future, we know that an increasingly global economy and the changing demographic profile of the Canadian population will pose new challenges for our organization. The CCRA is responding with a more focussed service vision, known as *Future Directions*, which is being developed in consultation with individuals, business leaders, and staff. Central to this effort will be the most effective use of new technologies to connect with more Canadians on-line, improving the accessibility, convenience, and reliability of our services, while at the same time lessening the reporting and compliance burden on our clients.

The services delivered by the CCRA are critical to Canada's stability and security, and to the prosperity of our country. It is essential that these services be delivered efficiently, at reasonable cost, and in close co-operation with our partners across government. I welcome the opportunity to work with the people at the CCRA and my parliamentary colleagues in ensuring that this organization is respected by Canadians for its integrity and fairness, and acknowledged for being an innovative service organization.

The Honourable Elinor Caplan
Minister of National Revenue

Chair

Foreword by the



It is with pleasure that my Board of Management colleagues and I have participated in the continuing evolution of the CCRA. As we move into our third year of operations, we will continue to deliver on our promise of better service for Canadians. The work that was started in becoming an agency will go forward even as we meet new and immediate challenges.

This *Summary of the Corporate Business Plan* is designed to build on the foundation laid with last year's plan and to make improvements in the areas identified through our reporting process. We will take our business transformation agenda to the next level, advancing the many initiatives already underway across the organization and innovating in the areas of service delivery and the management of our business operations.

Our future success depends on our ability to transform the way we manage our core business while meeting the constant demands of a complex and changing environment. This will happen if the Agency possesses the necessary capacities, flexibilities and knowledge. For this reason, we are pursuing our business objectives within a program of management excellence that focusses on the development of our people, modern administration, and transparent management.

In our drive toward management excellence, we will continue to adopt approaches that are governed by values rather than rules. Increasingly, managers at the CCRA will have greater decision-making capacities and accountabilities. By emphasizing leadership and accountability, we will create a more dynamic management environment with a degree of adaptability requisite of modern, successful organizations.

My colleagues and I are convinced that this business plan will ensure the integrity of our programs as we continue to put in place innovations that serve the interest of all Canadians.

Michael L. Turcotte
Chair, Board of Management

Management Representation

I present, for tabling in Parliament, the *Summary of the Corporate Business Plan: 2002-2003 to 2004-2005* for the Canada Customs and Revenue Agency (CCRA).

To the best of my knowledge, the information:

- accurately portrays the CCRA's mandate, priorities, strategies and planned results;
- is consistent with the principles of the *CCRA Act* and the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- is comprehensive and accurate; and
- is based on sound underlying agency-wide information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the *Summary of the Corporate Business Plan* production.

The Planning, Reporting, and Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Stephen Rigby
Chief Financial Officer and
Assistant Commissioner
Finance and Administration

Date: March 12, 2002

Table of Contents

Introduction	6
Background information, CCRA mission, and key volumetrics	
Strategic Framework	9
Charts depicting our planning and reporting framework and strategic outcomes	
CCRA Risks and Challenges	14
Factors in our environment that have influenced the content of our plan	
Innovation	16
Change objectives and related strategies to transform our core business and achieve management excellence	
Compliance	24
Our five business lines and the results we expect to achieve	
Conclusion	41
Integration of innovation with our core operations	
Concluding Remarks by the Commissioner	43

Introduction

The Canada Customs and Revenue Agency (CCRA) was created in November 1999 as a way to provide better service to Canadians. There has been significant change in our organization since that time, as we seek to take full advantage of the flexibilities of agency status. But our basic raison-d'être, or mission, did not change when we became an agency two years ago.

The CCRA's mission is to promote compliance with Canada's tax, trade, and border legislation and regulations through communication, quality service, and responsible enforcement, thereby contributing to the economic and social well-being of Canadians. Our overall approach is based on the belief that most people will voluntarily comply with the law when given the opportunity. To promote compliance, we use a mix of service and enforcement strategies, all of which are backed by sound risk management.

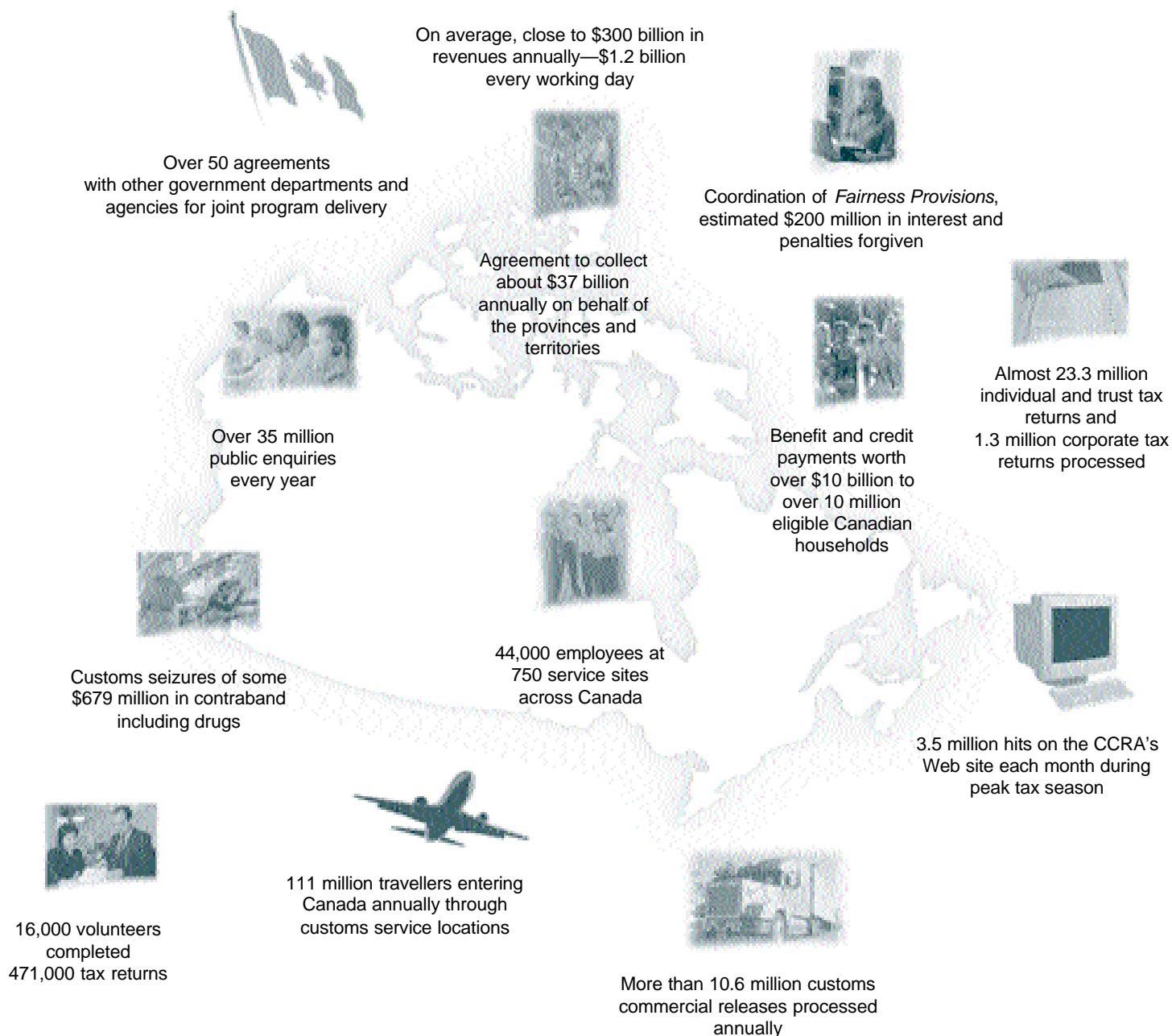
As an agency, we have a unique opportunity to do our job smarter—to be more innovative. That is precisely what we aim to do with the implementation of our plan.

As an agency, we have a unique opportunity to do our job smarter—to be more innovative. That is precisely what we aim to do with the implementation of our plan. This business plan, our third, builds on past progress and will take us to the next phase in our evolution. It is also an important tool for communicating to Canadians, our federal and provincial partners, and staff where we are headed and how we will get there.

Innovation at the CCRA is being pursued in keeping with **the four change objectives set out in our previous plan: 1) transformation of our core business; 2) human resources reform and renewal; 3) administrative reform and renewal; and 4) transparent management for results.** Our number-one objective, business transformation, is all about providing the best possible service to Canadians. The last three objectives are designed to strengthen our internal capacities for delivering on this service commitment.

We will stay on course with these four change objectives as our guide, but also continue to respond quickly and effectively to new priorities. Innovations, planned or already underway, will increasingly be incorporated into our day-to-day interactions with Canadians. In implementing our plan, we will make the best possible use of public funds, including the additional resources flowing from the 2000 Resource and Management Review and the more recent 2001 Federal Budget Plan.

Our change agenda is ambitious, particularly given the size of our organization and the range of programs for which we are responsible. The map below provides a snapshot of the ways in which the CCRA serves Canadians.

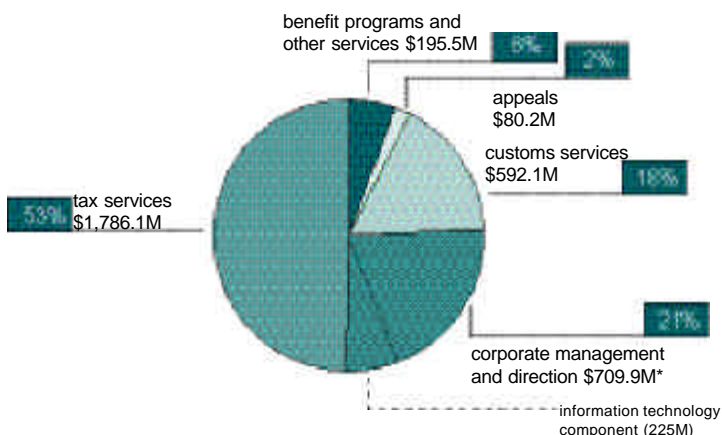


Financial Spending Profile

The CCRA's planned spending for the 2002-2003 fiscal year totals \$3,364 million. Included in this figure are the amounts identified in the Resource and Management Review and in the 2001 Budget Plan.

The Resource and Management Review, conducted in 2000, concluded that an increase in our base funding was necessary to ensure the integrity of our programs. For 2002-2003, this represents an increase of \$382 million. In the 2001 Budget Plan, as part of the Government's Public Security and Anti-Terrorism program, an additional \$328 million over the next five years was approved; for 2002-2003, this represents additional funding of \$103.8 million.

We manage our operations along five business lines: Customs Services, Tax Services, Benefit Programs and Other Services, Appeals, and Corporate Management and Direction. The chart below shows how our resources for 2002-2003 are allocated across these business lines. More information is provided in *Detailed Financial Information*, the supplement to this document.



*The amount shown for Corporate Management and Direction includes \$225.4 million for information technology. Without this amount, the resources for Corporate Management and Direction would account for 14.3% of the total planned spending for the CCRA. (A total of \$56.9 million is included in the first four business lines for information technology.)

Strategic Framework

Our previous business plan launched an ambitious change agenda to take full advantage of agency status. This business plan for the period 2002-2003 to 2004-2005 builds on that change agenda, placing a stronger emphasis on the results we will deliver for Canadians. This plan also addresses operational areas that require further improvement, as identified in our reporting process. The CCRA's first-ever *Annual Report* was tabled in Parliament in November 2001, underscoring our commitment to be open about accomplishments and areas for improvement.

We will fulfill our commitment to openness on an ongoing basis, as we report to Parliament and to Canadians through subsequent annual reports. Accountability mechanisms, such as executive performance agreements, will help us monitor progress against the plan. Progress in achieving our objectives will also be monitored on a regular basis by the CCRA's Board of Management and Agency Management Committee. As an added measure, a parliamentary review of our performance will be conducted after five years of agency operations.

The strategic framework that we use to plan and report is shown in Exhibit A. This framework consists of our mission, vision, and supporting strategic goals, all of which are long-standing elements of the foundation on which we have built our planning and reporting approach. But the framework also captures more recently established outcomes as identified in our 2000-2001 *Annual Report*. Innovation and compliance are the two key outcomes on which this business plan is structured. They represent the ultimate results we seek as an organization.

Innovation is at the heart of our change agenda. As shown in Exhibit B, client-centered service delivery is the result we anticipate from our innovation work. We also set out in this exhibit the factors that will demonstrate whether we have successfully achieved this result.

Compliance with Canadian tax, trade, and border legislation is the outcome we seek in delivering our day-to-day business operations.

The result we expect to achieve is high overall levels of compliance as detailed in Exhibit C. Also identified in Exhibit C are the factors that will demonstrate success in terms of filing, border, remittance, and reporting compliance.

Innovation and compliance are the two key outcomes on which this business plan is structured. They represent the ultimate results we seek as an organization.

Exhibit A: Strategic Framework: Planning and Reporting

TO REALIZE OUR:

MISSION: To promote compliance with Canada's tax, trade, and border legislation and regulations through communication, quality service, and responsible enforcement, thereby contributing to the economic and social well-being of Canadians

VISION: To be recognized and respected by clients for our integrity, fairness, and innovation in administering high-quality, yet affordable, programs. To encourage new inter-governmental and international partnerships fostering greater government efficiency and a stronger economic union

WE ARE GUIDED BY:

Six Strategic Goals

Quality Services and Client Communications	Fair Administration	Knowledgeable and Skilled People
Responsible Enforcement and Border Protection	Simple and Efficient Processes	Effective Management and Corporate Services

IN ORDER TO ACHIEVE:

Two Strategic Outcomes

Compliance

Canadians comply with tax, trade, and border legislation

Innovation

CCRA is a leading-edge service organization

WE WILL BE SUCCESSFUL IF:

Intermediate level outcomes			
-Business Lines	Tax Services	Customs Services	Benefit Programs & Other Services
	Benefit Programs & Other Services		
	<ul style="list-style-type: none"> • Canadians pay their fair share of taxes • The tax base is protected 	<ul style="list-style-type: none"> • Canadians' health, safety, security and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management 	<ul style="list-style-type: none"> • Provinces/territories and other government departments rely on the CCRA as a key service provider
	<ul style="list-style-type: none"> • Canadians receive their rightful share of entitlements 	<ul style="list-style-type: none"> • Canadians receive an impartial and timely review of contested decisions through our redress system 	<ul style="list-style-type: none"> • Modern and innovative management approaches are introduced to maximize performance of our business services and operations

WORK WILL BE FOCUSED AROUND:

Core Objectives	Change Objectives
<ul style="list-style-type: none"> • Accessible, responsive and reliable services and clear informative communications • Fair, responsible and effective enforcement programs • Diligent and consistent application of the principle of fairness • Minimized administrative costs and compliance burden to our clients • Employees with the knowledge, skills and organizational support to work effectively • Responsive, integrated and affordable corporate policies, systems and processes 	<ol style="list-style-type: none"> 1. Transformation of Our Core Business 2. Human Resources Reform and Renewal 3. Administrative Reform and Renewal 4. Transparent Management for Results

AND OUR PERFORMANCE WILL BE MEASURED USING THE BALANCED SCORECARD AND OTHER REPORTING MECHANISMS

Exhibit B – Innovation Outcome Statement

<p>Mission:</p>	<p>To promote compliance with tax, trade, and border legislation and regulations, thereby contributing to the economic and social well-being of Canadians</p>
<p>Strategic outcome:</p>	<p>CCRA is a leading-edge service organization</p>
<p>Anticipated result:</p>	<p>Client-centred service delivery is enhanced through effective and timely implementation of the CCRA's innovation agenda</p>
<p>As demonstrated by:</p>	<ul style="list-style-type: none"> • Steadily increasing approval rates of Canadians in areas requiring improvement, as measured through the CCRA's baseline surveys • Expanded use of electronic service delivery across business lines and in particular, fulfillment of our Government On-line commitments in keeping with government-wide objectives and time frames • Increased number of service delivery agreements, and closer partnerships with the provinces and territories • Improvements in meeting established service standards combined with the development and implementation of new standards across all business lines • Major reform of and improvements to the human resources management system through full implementation of all major components of the new HR regime by 2005 • Over \$34 million savings from administrative reform and renewal and related initiatives over the period 2002-2003 to 2004-2005 • Implementation of a series of innovative and flexible financial and administrative approaches and practices that will yield productivity improvements, support improved services and decision-making, and meet the requirements of modern comptrollership • An increasingly evident orientation towards results-based management as reflected in our governance regime, management approaches and performance measurement frameworks

Exhibit C – Compliance Outcome Statement

<p>Mission:</p>	<p>To promote compliance with tax, trade, and border legislation and regulations, thereby contributing to the economic and social well-being of Canadians</p>
<p>Strategic outcome:</p>	<p>Canadians comply with tax, trade, and border legislation</p>
<p>Anticipated result:</p>	<p>Overall levels of compliance remain high</p>
<p>As demonstrated by:</p>	<p>Filing Compliance:</p> <ul style="list-style-type: none"> • High compliance levels are maintained whereby the vast majority of Canadians 18 years of age or older file individual tax returns • High levels of compliance are maintained whereby the vast majority of known businesses required to file submit returns without any direct intervention • Mechanisms to assess levels of filing compliance for the Excise and GST/HST revenue streams are in place • Importers and brokers file import entry documents within defined time limits <p>Border Compliance</p> <ul style="list-style-type: none"> • High levels of compliance with border laws are maintained amongst travellers crossing the border, and commercial businesses importing or exporting goods • Measurement tools and methodologies to assess compliance levels associated with travellers and businesses are strengthened <p>Remittance Compliance</p> <ul style="list-style-type: none"> • High compliance levels are maintained amongst individual taxpayers and businesses who pay their reported taxes on time • Mechanisms to assess levels of remittance compliance for the Excise and GST/HST revenue streams are in place • The vast majority of importers pay their monthly duties and taxes within established time frames <p>Reporting Compliance</p> <ul style="list-style-type: none"> • Misreporting and intentional non-compliance with tax legislation are contained at relatively low levels • Non-reporting of persons entering Canada, and of imported and exported goods, will be minimized • Continued refinement of measurement approaches and systems enhance assessment of compliance levels

CCRA Risks and Challenges

Business planning, priority-setting, and the design of future innovations must all be highly responsive to the context in which we operate. There are six key factors at work in the CCRA's operating environment that pose particular risks and challenges, and have a direct bearing on how we are planning to innovate and fulfill our mission of compliance.

Six major risks and challenges have implications for our innovation agenda and core operations:

1. Terrorist threats
2. Economic factors
3. Demographic trends
4. Electronic commerce
5. Relationships with the provinces and territories
6. Agency change

Terrorist threats, notably stemming from the events of September 11, have pushed safety and security to the forefront of government priorities. There are major implications for border management, particularly within a North American context. New risk management tools and technologies are required, such as biometric identification, advance transmission of passenger lists, and co-operation between Canada and the U.S. in intelligence, visa issuance, and enforcement. The CCRA's administration of the border and the co-ordination of our work with other government departments in this area, as well as our relations with U.S. border agencies, are now top priorities.

Economic trends associated with the current slowdown, and the anticipated recovery, are influencing workload distribution and compliance risks. There may be more aggressive tax avoidance by some individuals and businesses, while economic hardship will put pressure on accounts receivable and collections. However, increased funding for audit and collections, as a result of the Resource and Management Review, is strengthening our capacity to effectively manage these pressures.

Demographic change, largely as a result of the "baby boom" moving toward retirement, will have an increasingly profound impact on the revenue base of the government and the human resource profile of the CCRA. Shifts in income and consumption patterns across our economy will have an impact on Canada's tax system, putting a premium on the CCRA's ability to respond effectively with the right mix of services and compliance activities. At the same time, our capacity to manage change is directly affected by the expertise of our workforce, of whom approximately 30% will be eligible to retire over the next eight years. We will be under pressure to attract, train, and retain the skilled workers we need.

Electronic commerce is continuing to have a significant impact on the expectations of our clients, and on our ability to enhance the productivity of our operations. Canadians and businesses want faster, better, more dynamic, and customized government services, including from the CCRA. We have introduced an array of electronically enabled service improvements. However this progress will need to be accelerated. **Our challenge is to keep pace with the growth in the use of electronic commerce and the ease with which funds can be moved offshore, increasing the risk to Canada's tax base.**

Provincial and territorial relations are a key priority for the CCRA. We will need to address significant tax administration challenges to enhance our relationships with these important partners. Provinces have greater tax policy flexibility thanks to the successful implementation of Tax on Income (TONI). Now, the CCRA must focus on administering this innovation to simplify and harmonize tax administration in Canada, as well as continue adding to the tax and benefit services we provide on behalf of the provinces and territories. This must be supported with rigorous and transparent analysis and reporting to demonstrate how we are reducing government overlap and duplication. More recently, a problem was identified in the CCRA's tax accounting system which had resulted in significant overpayments to four provinces under Tax Collection Agreements. The problem was promptly addressed, and corrective action was taken to prevent further overpayments. We are continuing to work with the Auditor General and the provinces on this issue.

Results in administrative and human resources reform and renewal are essential to build the organizational capacity we need to address key challenges and risks in our operating environment and to promote accountability, organizational values, and sound financial management. In particular, managers must have the tools, time, and authority necessary to implement key strategic priorities in this plan, for example in financial management and in human resources, while meeting their operational responsibilities. **Our challenge is to achieve the depth of reform necessary to bring about and sustain significant cultural change.**



Innovation

Four change objectives continue to guide the transformation underway at the CCRA:

1. Business transformation
2. Human resources reform and renewal
3. Administrative reform and renewal
4. Transparent management for results



Innovation is a key driver of the CCRA's change agenda. We want to be a leading-edge service organization. Four change objectives continue to guide our agenda, unchanged from our last business plan: 1) business transformation; 2) human resources reform and renewal; 3) administrative reform and renewal; and 4) transparent management for results.

Implementation of these priorities is well underway, further enabled by our stable resource base. We will continue working to bring our change agenda to maturity, ensuring that as innovations are successfully developed and introduced, they steadily become a normal part of our day-to-day operations.

Advancing Change Objective 1

To transform our core business in a manner that keeps pace with changes in technology, business and management practices, and the expectations of Canadians

We recognize that our clients expect timely, fair, competent, and courteous services, and that meeting demands and exceeding expectations for better services through business transformation is how we ultimately achieve both our strategic outcomes.

Our *Customs Action Plan* is our primary strategy for transforming customs services. Through it, we are using state-of-the-art technology to strengthen the security of our borders and streamline the movement of low-risk, legitimate goods and people. **The Action Plan's main features are risk-based trader and traveller processes and a fair and effective sanctions regime.** The *Customs Action Plan* will make a significant contribution to fulfilling the Smart Border Declaration, signed by Canada and the U.S. in December 2001, and to collaborative work to develop joint processes at the border and best practices benchmarks for international seaports and airports. Continued collaboration with other federal government departments will also be central to our efforts. In the post-September 11 era, these collective efforts will raise the level of public security while ensuring that increased Canadian and U.S. border vigilance does not impede legitimate cross-border commerce and travel.

Specific innovations include Customs Self Assessment (CSA), which will provide for the immediate clearance of pre-approved shipments entering Canada from the U.S.. We expect that by 2005, CSA will account for over 50% of imports. This program of enhanced security screening in advance for importers, carriers and drivers will improve both security and efficiency at the border. Meanwhile, other commercial shipments of higher or unknown risk will be processed through the Advanced Commercial Information system, which will provide more pre-arrival, electronic data to facilitate better risk assessment and targeting. On the travel side of the customs business, low-risk travellers will be able to cross at the Canada – U.S. border using a common highway NEXUS permit card at major crossings, while pre-screened travellers at major international airports will be processed through the Expedited Passenger Processing system using biometric technology. We estimate that we will spend in excess of \$50 million in 2002-2003 to implement these and other initiatives. By 2005, we expect that all elements of the *Customs Action Plan* will have been implemented.

The *Customs Action Plan* is our primary strategy for transforming customs services. By 2005, we expect that all elements of the Action Plan will have been implemented.

To continue efforts to transform our business, most particularly in tax services and benefit programs, we are pursuing our *Future Directions* initiative, engaging individual Canadians, businesses, staff, and unions, to confirm a client-focused service vision. Consultations are being conducted around five key areas: retaining public trust; client-oriented service; building on partnerships; building organizational capacity; and ensuring best value.

Although consultations are still underway, certain themes are beginning to emerge. Businesses want better electronic interaction with the CCRA to deal with day-to-day matters and to file returns electronically, as well as streamlined processes to reduce the overall compliance burden and eliminate certain reporting requirements. Our employees want improved professional development so they can remain up to date with business methods and “move with business, at the speed of business.”

To confirm the service expectations of individuals and benefit recipients, we will be conducting focus groups and surveys in 2002-2003. For charities, our involvement in the government-wide Voluntary Sector Initiative will help provide us with the information we need to improve service and fairness to these clients, as well as promote compliance and

Future Directions is expected to conclude in 2003-2004, when we will have developed and validated action plans for each client group. The commitments they contain will be clearly set out in our subsequent business plan.

foster public confidence. ***Future Directions* is expected to conclude in 2003-2004, when we will have developed and validated action plans for small and medium enterprises, large business, individuals and benefit recipients, and charities.** Costs in 2002-2003 associated with *Future Directions* consultations are being absorbed within business line budgets. The commitments contained in the action plan along with the costs for their implementation will be set out in our subsequent business plan.

Transforming our core business to respond more effectively to the service priorities of our clients will strengthen our ability to encourage provinces and territories to rely on us as a key service provider. In 2002-2003, we will work to expand our administration of tax programs on behalf of the provinces, including corporate income tax programs, and to build on our successful partnership with the Workers' Compensation Board (WCB) of Nova Scotia to increase the number of provincial WCB programs we administer.

These efforts will be supported through senior-level consultations via the joint Senior Management Committees, which provide important mechanisms for consultation with the provinces and territories on program delivery, innovation, and performance. They are being established under the terms of the Services Management Framework (SMF) agreements that we have concluded with seven provinces and one territory. In 2002, we expect to conclude SMF agreements with New Brunswick, Newfoundland and Labrador, and the Yukon.

Moving ahead with business transformation depends heavily on our ability to stay in step with advances in technology and systems development.

Finally, moving ahead with business transformation depends heavily on our ability to stay in step with advances in technology and systems development. Our plan calls for strategic investments in technology that will, in turn, enable us to meet our business objectives. In 2002-2003, our priorities will include the following:

- Develop T2 NETFILE which will allow clients to file corporate income tax returns using the Internet.
- Expand GST/HST TELEFILE throughout Canada and offer GST/HST NETFILE on a pilot basis with full implementation envisaged in 2003-2004.

- Undertake a pilot project to enable clients to file on-line notices of objection related to income tax.
- Pursue work with other government departments through Government On-Line in applying rigorous security protocols for electronic transactions.
- Develop an automated, interactive question and answer information service for frequently asked tax questions.
- Improve the responsiveness of the GST/HST credit, modernizing our administration and responding to changes in family circumstances.
- Enhance current excise tax systems for improved service delivery [Other Levies System (OLS)].
- Put in place a new e-business computing infrastructure to support the growing requirement for electronic services and applications.

Advancing Change Objective 2

To foster human resources reform and renewal by making the Agency's new HR regime fully operational

The effective management of our large workforce is a top priority for the CCRA. We are therefore continuing to push ahead with the transformation of our HR function, targeting key areas such as staffing, recourse, learning, labour relations, and classification as we incrementally phase in a new system. All major components of this HR system will be in place by the end of 2004-2005. Our aim is to help our organization remain competitive as an employer, attracting and retaining skilled and knowledgeable people and, at the same time, put more decision-making in the hands of our managers.

Our program of reform will enable us to realize our vision of a system driven by values rather than rules. By 2004-2005, the amount of time that managers devote to HR transactions will have been significantly reduced, freeing up more time for program delivery, problem solving,



All major components of the CCRA's unique HR system will be in place by the end of 2004-2005. Our aim is to remain competitive as an employer.



In becoming an agency, we adopted eight staffing principles:

- Non-partisanship
- Representativeness
- Competency
- Fairness
- Transparency
- Efficiency
- Adaptability
- Productiveness

and communicating with employees. Innovations such as pre-qualified pools will streamline staffing transactions. A new classification process with streamlined policies for classification and related grievances will have eliminated the current backlog. Enhancements to administrative systems will provide more accurate, reliable HR information, improving human resource management and planning. A performance management program will also be in place that stresses people management and includes a performance pay component.

We will continue our efforts to build a skilled and knowledgeable management cadre, another key area for realizing our innovation agenda. We will make larger investments in the CCRA's learning fund, more effectively integrating individual employee learning plans and coaching and mentoring in the human resources renewal program. We will continue to promote the use of both official languages in the workplace, with a particular focus in 2002-2003 on language training for CCRA executives. We will also complete the update of our labour relations policies and carry out action plans to respond to the issues employees raised in the 1999 Public Service Employee Survey. We anticipate making investments in excess of \$16 million in 2002-2003 to advance HR reform and renewal initiatives.

A fundamental underpinning of the cultural change we are seeking is leadership. In 2001-2002, we created an expanded Management group comprised of approximately 2,500 managers. Working within the parameters set in the recent Public Service Staff Relations Board decision on CCRA bargaining units, **our Management group will play an increasingly pivotal role in advancing cultural change, taking ownership and accounting for decisions and connecting with front-line staff.**

With respect to employment equity, we will move beyond being fully representative in every employment equity occupational group to being fully representative in every regional, provincial, and census metropolitan area. We are working toward a recruitment target for Aboriginal peoples of 2.5% by 2003-2004, and a target for participation of visible minorities in the Executive Development Program of 20% by 2003-2004. In pursuing these efforts, we will be guided by the eight staffing principles that we adopted in becoming an agency and separate employer.

Advancing Change Objective 3

To achieve administrative reform and renewal by having in place policies and practices tailored to meet the needs of the CCRA

Developing policies and practices that suit our business requirements and support sound financial management and efficient administration is an agency-wide priority. Our efforts to develop, link, and integrate more flexible and efficient business processes have a direct bearing on our capacity to achieve better business results and improve productivity.

Our work in this area intensified in 2001-2002, with an examination of all financial and administrative policies, programs, and systems, and the subsequent development of an action plan focussing on cost reduction, improving service, and modern comptrollership. Over the planning period, we will implement this action plan in close consultation with key stakeholders, including the CCRA's unions.

One of our cost reduction initiatives involves implementing of an e-procurement system. Through a series of strategic sourcing contracts to leverage our purchasing power, we anticipate savings in the order of \$9.5 million over the planning period. We will also be exploring the potential of shared services in areas such as accounts payable, travel claims processing, security clearances, and pay. In addition, we will complete developing a publishing strategy to become more reliant on electronic communications. Altogether, potential savings are targeted in the order of \$8.3 million in 2002-03, \$11.8 million in 2003-2004, and \$14.3 million in 2004-2005.

For modern comptrollership, we will pursue continued improvements to our financial controls and information, and meet the requirements of the Government's Financial Information Strategy (FIS). We are now in the second phase of FIS implementation. In response to the identification of significant tax overpayments to four provinces, priority will also be given to strengthening financial management, planning, and reporting systems to meet our own statutory requirements and the needs of our provincial partners.



Our administrative reforms and cost reduction initiatives are expected to yield savings in the order of \$34 million over the next three years.

In 2002-2003, we will pilot new activity-based costing methodologies to assess their usefulness in meeting the CCRA's strategic management and information needs. To support efficient decision-making by managers, we will enhance the Corporate Administrative system and streamline budget planning and allocation processes.

Advancing Change Objective 4

To integrate transparent management for results into the CCRA's planning, decision-making, and accountability processes

A clear understanding of the performance of our programs, and the means by which that performance can be improved, is essential if we are to successfully transform our core business and become a leading-edge service organization. Better performance measurement and reporting also enable us to demonstrate to Parliamentarians and Canadians the value of our programs.

Work to date has focussed on developing a management model that reflects all of the requirements of modern comptrollership. Over the planning period, we will focus on integrating the current corporate management initiatives within a single process architecture based on our *Corporate Business Plan*, *Annual Report*, and Balanced Scorecard performance measurement framework. As this structure is installed throughout the organization, the emphasis will be on keeping corporate initiatives in step with our business objectives.

We will build on our planning and reporting accomplishments to ensure that we are clear on our priorities and open about our performance related to these priorities.

The *Corporate Business Plan* process now benefits from the full engagement of our Board of Management and increased horizontal discussion and analysis across business lines. Our first *Annual Report* set a new standard for reporting on performance and results, and presents a balanced view of our strengths and areas in which we need to improve. We will build on these accomplishments to ensure that we are clear about the CCRA's priorities and open about our performance in relation to these priorities.

The third essential component of the work being done in the context of transparent management for results is our Balanced Scorecard. As we move closer to 2005, the Balanced Scorecard will play an increasingly pivotal role, providing the platform for a strategic management system that improves understanding of the drivers of good performance, supports more effective strategic decisions and investments, and establishes a more direct relationship between performance measures and client and stakeholder satisfaction.

Over the planning period, we will intensify our work on integrating risk management into our overall management approach. Work in this area will be closely aligned with the government-wide drive toward modern comptrollership. We will also advance our work on client-focussed standards in areas such as accuracy, fairness, and accessibility. We will develop action plans to meet the targets for our existing service standards, work with our clients and employees to raise awareness of our standards, and improve the reliability of our performance-reporting information.

To ensure the CCRA's management model provides a useful tool to people across the organization, we will continue to develop communications tools, undertake outreach efforts, and further integrate key management processes.

We will advance our work on client-focussed service standards in areas such as accuracy, fairness, and accessibility.



Compliance

We aim to ensure that our operations deliver high overall levels of compliance in terms of filing, border, remittance, and reporting compliance.

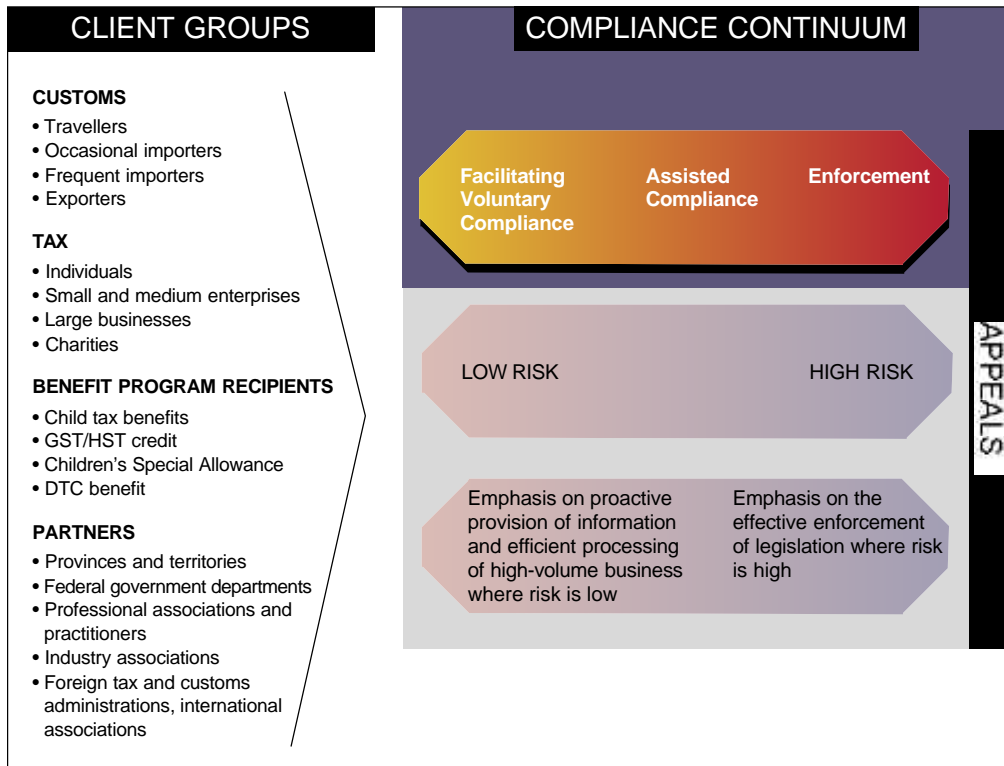
Compliance with Canada’s tax, trade, and border legislation and their corresponding regulations is the strategic outcome we seek in our day-to-day business operations. We aim to ensure that our operations deliver high overall levels of compliance across business lines in terms of filing, border, remittance, and reporting activities.

We operate on the premise that most people and businesses will voluntarily comply with the law given adequate opportunity, information, and tools. However, we also recognize that the effectiveness of the programs we administer, which are vital to the national interest, relies on strong and credible enforcement of the rules where enforcement action is warranted.

To assess and manage risk, and target our resources accordingly, we use the “compliance continuum” as our operating construct. This continuum is illustrated in Exhibit D on the opposite page. At one end of this continuum, we foster voluntary compliance through the timely provision of useful information and efficient, client-centred services. At the other end, we undertake responsible enforcement action to deter wilful non-compliance and promote the fairness and integrity of our border control, benefits payment, and tax systems. The right mix of services and enforcement across the entire continuum allows us to maximize compliance while minimizing intervention and the burden on clients to fulfil their obligations.



Exhibit D



Four of our five business lines — Customs Services, Tax Services, Benefit Programs and Other Services, and Appeals — directly involve managing the compliance continuum. The fifth, Corporate Management and Direction, concentrates on the internal capacities and the resources we need to meet our mission and assess and improve our performance. In each of these business lines, we have identified one or more outcomes that support the maintenance of high compliance levels. We have also outlined, by business line, the priorities that are being pursued to deliver on these outcomes, along with the anticipated results and success criteria that we will use to assess our performance. **A top priority across all our business lines is to refine the criteria used to assess performance, bringing to them greater precision and a strong outcome focus.**

Customs Services

The expected outcome of the Customs Services business line is that Canadians' health, safety, security, and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management.



While we will keep a strong focus on business transformation, it will be important to keep core operations on track in order to be vigilant in responding to the heightened terrorist threat.

Over the past decade, we have managed workload increases through the steady adoption of new technologies and the introduction of process innovations. For example, electronic data interchange with importers, brokers, and carriers has enabled us to release commercial shipments almost immediately upon arrival at the border, and CANPASS has helped us reach our border crossing wait time goals of no more than 10 minutes on weekdays, and 20 minutes on weekends and holidays.

However, the environment in which we operate can be highly volatile, with acceptable risk thresholds changing swiftly as new threats emerge or change in magnitude. Nothing demonstrates this more clearly than the events of September 11th and their aftermath. Adjustments to our border presence were made to respond to the immediate need for heightened security. Security-related initiatives in our *Customs Action Plan* were accelerated. Funding increases in the 2001 Budget Plan cleared the way for the purchase of additional x-ray machines and ion scanners to detect dangerous shipments. These initiatives and other efforts are strengthening our security while maintaining the flow of legitimate trade and travel, both of which are vital for Canada's continued economic stability.

Meanwhile, the CCRA's first *Annual Report* pointed to the need for more rigour in defining Customs' compliance priorities and measuring performance. To achieve better performance measurement, in 2002-2003 we will begin to replace our core operations management information system and upgrade our data collection systems with better technology, more flexible reports, and more reliable data capture methods.

Finally, while we will keep a strong focus on business transformation, it will be important to keep core operations on track in order to be vigilant in responding to the heightened terrorist threat, and to continue the implementation of a number of specific initiatives, including Firearms Licensing and Registration, new Customs Officer Powers over criminal

offences such as impaired driving and child abduction, and a currency reporting regime to help combat money laundering and the financing of terrorist activities.

To deliver the anticipated results and meet the success criteria we have established for our Customs services, the effective management of human resources is critical. Our most immediate priority over the planning period is to recruit and train new customs staff to meet heightened security requirements as well as to support the full implementation of Officer Powers.

The following table shows success criteria, including quantitative and qualitative targets, that have been developed for the customs services line. These criteria will be expanded and refined over the coming year to enable us to better assess our results.

Exhibit E – Customs Services

Managing the Compliance Continuum	Expected outcome - Canadians' health, safety, security, and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management	
	Anticipated Results	Success Criteria
	Enhanced enforcement that expeditiously identifies and responds to threats to the security, health, and safety of society, and to Canada's economy	<ul style="list-style-type: none"> • National Advance Passenger Information / Passenger Name Record Program implemented • Customs Controlled Areas implemented at major airports in 2002-2003 • Memoranda of understanding with other government departments are in place by 2005, which provide for information sharing and intelligence data, the joint setting of priority areas in need of compliance improvement, and reporting on performance • Increase the use of information technology throughout the <i>Special Import Measures Act</i> processes to enhance accessibility and reduce the administrative burden on all affected parties (particularly, small and medium-sized enterprises) • Implement Officer Powers at Phase 2 sites
	Effective compliance management that enhances personal and economic security, and encourages partnerships and sustained compliance	<ul style="list-style-type: none"> • Over 50% of imports processed under Customs Self Assessment (CSA) by 2005 • National NEXUS program for major land border offices (with the United States)

Exhibit E – Customs Services (con'td)

Managing the Compliance Continuum	Expected outcome – Canadians' health, safety, security, and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management	
	Anticipated Results	Success Criteria
	Effective compliance management that enhances personal and economic security, and encourages partnerships and sustained compliance (cont'd)	<ul style="list-style-type: none"> • 200,000 pre-screened, low-risk air travellers participating in Expedited Passenger Processing System (EPPS) by 2005 • Administrative Monetary Penalties System (AMPS) fully operational
	Responsible services that encourage voluntary compliance and minimize the compliance burden without compromising security	<ul style="list-style-type: none"> • Established service standards are met and reported on
	Certainty and consistency for international trade and travel	<ul style="list-style-type: none"> • Agreement with U.S. on expedited process for low-risk commercial shipments • Agreement with U.S. on joint programming for travellers • Negotiation and implementation (administration and legislation) of customs procedures, and negotiation of trade policy instruments related to new free trade agreements with Singapore, the Central America Four, the Free Trade Area of the Americas (FTAA), and the new WTO Round by 2005 • Prepared for implementation in 2002-2003 (administration and legislation) of the Canada - Costa Rica Free Trade Agreement
Knowledgeable and skilled workforce supported by the appropriate tools, information, and technology to meet current and future program needs	<ul style="list-style-type: none"> • New Performance Measurement Framework for customs services, linked to Balanced Scorecard and supported by upgraded data collection systems, by 2003-2004 • New customs officers staffed, equipped with x-ray and ionscan detection technology, and fully supported by Integrated Primary Inspection Line (IPIL) system • Implementation of Learning Strategy with emphasis on Customs Inspectors and Superintendents, Client Services, and Compliance Verification Officers 	

Tax Services

We have two expected outcomes for this business line. The first is that Canadians pay their fair share of taxes; the second is that the tax base is protected.

Providing Canadians with the tools, information, and assistance they need to comply with their obligations, while processing returns accurately, efficiently, and in a timely manner, encourages participation and shortens the time between filing and the receipt of taxes owing or distribution of funds. At the same time, the right audit program supported by sound risk management discourages non-compliance and thereby ensures the integrity of the tax base.

While we are offering new service options across various communication channels, and continuing to improve response rates, our *Annual Report* pointed to certain instances where year-over-year performance has declined, largely as a result of funding constraints that have prevented us from keeping pace with business volume increases. For instance, we experienced problems having sufficient staff in place to respond to call demand during peak periods.

Over the planning period, we will work to reduce the need to call by providing alternatives through electronic channels, and by improving information guides and brochures. Providing our clients with fair, accessible, and timely service is essential in promoting and facilitating voluntary compliance. The evolution of our service offerings in all channels will be reviewed and improved as a result of surveys, focus testing and pilot projects to ensure we meet our clients' needs.

Our processing of returns also affects Canadians' participation in the tax system. The introduction of electronic filing options has enhanced our processing capabilities, improving accuracy, timeliness and efficiency. Over the planning period, we will continue to pursue electronic filing options in four key areas: personal income tax returns (T1); corporate tax returns (T2); GST/HST returns, and payroll source deductions information returns. We anticipate that 1.9 million Canadians will use T1 NETFILE for the 2002 program. We will also be introducing EFILE On-Line, allowing tax preparers to transmit their clients' T1 returns over the Internet.

We will continue to pursue electronic service delivery, notably for filing personal income and corporate tax returns, GST/HST returns, and payroll source deductions information returns.

We are also taking actions to improve performance in our review and enforcement programs, investigations, and in the area of debt management. With additional resources flowing from the Resource and Management Review, audit coverage rates will be increased over the planning period. These efforts will be carried out with a strong and ongoing focus on fairness and treating our clients with respect. We will also continue to improve our capacity to reduce the level of accounts receivable, including by pursuing new means to quickly reallocate work in this area from office to office. The timely collection of overdue amounts is a core element of our overall compliance and enforcement activities and provides the revenue necessary to support Canada's social benefits and economic programs.



We will also contribute to the Government of Canada's efforts to work with the private sector to improve Canada's innovation performance. The Scientific Research and Experimental Development (SR&ED) program, which we administer, is Canada's largest federally supported incentive program for industrial R&D. We will work to ensure that this program reaches more of Canada's smaller R&D performers.

Exhibit F outlines the anticipated results and success criteria for each of the two Tax Services expected outcomes. The success criteria emphasize improving performance against current standards, and developing new standards and measures of performance. In addition, they set goals for expanded audit coverage and enhanced capacity to address accounts receivable. We will continue to refine our success criteria in building our capacity to report on performance in a clear and open fashion.

Exhibit F – Tax Services

Expected outcome - Canadians pay their fair share of taxes	
Anticipated Results	Success Criteria
Majority of Canadians and businesses participate in the tax system	<ul style="list-style-type: none"> • 95% of federal revenues collected without direct enforcement action, supported by strong levels of filing, remittance, and reporting compliance, generally consistent with the performance of past years • Develop improved compliance measures for GST/HST and Excise
Taxpayers receive timely, accessible, reliable, and fair service that is responsive to their needs	<ul style="list-style-type: none"> • Answer 80% to 90% of all individual and business calls on the first attempt • Meet published service standards for counter wait-time [20 minutes (except peak)] and problem resolution program (acknowledged 24-48 hours, resolved 15 days) • Meet the public service standard for timeliness in providing a fair, responsible, and reliable response to requests for GST/HST rulings and interpretations • Ensure that processing logic and matching programs identify and correct errors in favour of taxpayers, and that beneficial adjustments are processed in a timely manner • Meet public service standards for processing requests for forgiveness under the fairness provisions and report on overall levels of consistency
Processing of returns is accurate, timely, and efficient	<ul style="list-style-type: none"> • Process 98% of on-time T1 returns by June 15 • Process T1 returns (paper) within four to six weeks of receipt • Process T1 returns (EFILE, NETFILE, TELEFILE) within two weeks of receipt • Process GST/HST returns within 21 days of receipt • Process 85% of current-year T2 corporation income tax returns within 25 days • Process 90% of the T4 and T5 information returns by the end of April and May respectively • Process 95% of T3 Returns within four months of receipt • Process 1 million visitor and general GST/HST rebates within 60 days of receipt

Managing the Compliance Continuum

Exhibit F – Tax Services (cont’d)

Managing the Compliance Continuum	Expected outcome – Canadians pay their fair share of taxes	
	Level of tax debt is within targeted level	<ul style="list-style-type: none"> Complete review of current targets including appropriateness of 4% ratio of accounts receivable to gross revenue Process equivalent of current year's intake of accounts receivable Increase revenues by \$1,141 million by 2005
	Expected outcome – The tax base is protected	
	Anticipated Results	Success Criteria
	Compliance behaviour is understood and areas of non-compliance are identified	<ul style="list-style-type: none"> Further development and implementation of “basket” of compliance performance indicators for all revenue streams Establishment of related benchmarks in 2002-2003
Allocation of enforcement resources is guided by risk	<ul style="list-style-type: none"> Improved file selection through further integration of risk assessment tools Review of trends in fiscal impact and “no change” rates to evaluate success of integration Use of random examination programs to evaluate and refine risk assessment systems 	
Actively seek legislative changes as required to enhance simplification and minimize misreporting and unintentional non-compliance	<ul style="list-style-type: none"> Legislative changes are identified and communicated to decision-makers in a timely manner in comparison with previous years 	
The right programs are used and are effectively delivered	<ul style="list-style-type: none"> Establish benchmarks for assessing client satisfaction with audit and enforcement activities SR&ED service standards met Minister's Action Plan for SR&ED implemented 	

Exhibit F – Tax Services (cont’d)

Managing the Compliance Continuum	Expected outcome – The tax base is protected	
	Anticipated Results	Success Criteria
	The right programs are used and are effectively delivered (cont’d)	<ul style="list-style-type: none"> • Continued growth in new Audit Protocol agreements for large corporations • Improvements in detection and investigation of fraud leading to increased prosecution • Meet non-compliance discovery rate targets • Value of detected non-compliance meets anticipated fiscal impact levels
Sufficient resources are available to invest in compliance programs	<ul style="list-style-type: none"> • Program completion rate of 95% of planned workload • Achieved rates of coverage/review against 2005-2006 targets of: <ul style="list-style-type: none"> Large corporations – 78% over two years Medium corporations – 22.5% annually GST prepayment – 1.5% of returns filed Business audit – 1.25% of income tax small corporation and individual / partnership business population GST post payment – 1.5% of registrant population 	
Knowledgeable and skilled workforce is in the right place at the right time	<ul style="list-style-type: none"> • Staffing completed to levels commensurate with additional resources from Resource and Management Review • Comprehensive Workforce Development Strategy in place • Increased percentage of annual learning plans completed • Increased percentage of CCRA competency demand met • Increased level of employee satisfaction 	

Benefit Programs and Other Services

Our Benefit Programs and Other Services business line is guided by our expected outcome that Canadians receive their rightful share of entitlements.

Millions of Canadians rely on our administration for benefit payments that are made in the right amount and at the right time.

Millions of Canadians rely on our administration for benefit payments that are made in the right amount and at the right time. Ensuring that this system runs smoothly makes a direct contribution to quality of life, particularly for the benefit clients for whom these payments represent a significant share of household income.

We administer the two largest and most visible benefit programs in Canada: the Canada Child Tax Benefit (CCTB) and, the goods and services tax/harmonized sales tax (GST/HST) credit. Ninety-eight percent of all these payments are generally delivered on time, and in the right amount. However, many of our clients, particularly at times coinciding with the new benefit year or cheque mailing dates, rely heavily on telephone communication with us. As we stated in the *Annual Report*, our telephone accessibility needs to be improved. Our target is to answer 40% to 60% of all telephone calls on the first attempt. Recent expansions of our toll-free telephone service for CCTB and GST/HST credit enquiries, in combination with the introduction of a new system of redirecting overflow calls during peak periods, will help in meeting our target.

Our processing and delivery systems are also used to deliver benefits and one-of-a-kind payments on behalf of our partners, provinces, territories, and other departments of the federal government. We have consistently implemented these new and amended programs on time and within budget without compromising the high level of service our clients and partners expect.



Through a memorandum of understanding with Human Resources Development Canada (HRDC), we administer those parts of Employment Insurance (EI) and Canada Pension Plan (CPP) legislation that deal with the determination of employee-employer relationships, and the eligibility of income for EI and CPP purposes. As a result of the Auditor General's report on EI fraud in British Columbia, as well as recommendations made by the Standing Committee on Public Accounts, the CCRA is taking the necessary steps to enhance our ability to deal with EI claims where fraud or abuse is suspected. We have enhanced existing systems to enable tracking and reporting of EI cases dealing with fraud, and improve information sharing with HRDC. During 2002-2003, the CCRA and HRDC will work in close co-operation, monitoring performance and ensuring adherence to procedures.

Effective communication, fair and responsive service, and timely payment of benefits and credits are all essential to ensure Canadians receive their rightful share of entitlements. Their importance in achieving our expected outcome is reflected in the anticipated results and success criteria set out in Exhibit G.

Exhibit G – Benefit Programs and Other Services

Managing the Compliance Continuum	Expected outcome – Canadians receive their rightful share of entitlements	
	<p>Anticipated Results</p> <p>Program communication and delivery is fair and responsive to recipients' needs</p>	<p>Success Criteria</p> <ul style="list-style-type: none"> • Answer 40% to 60% of all telephone enquiries on the first attempt
	<p>Entitled recipients receive accurate and timely payment and credits</p>	<ul style="list-style-type: none"> • Process 98% of CCTB applications by the end of the second month after receipt • Process 98% of benefit client adjustments reliably within 20 working days • Process 85% of CPP/EI rulings within 15 days for cases pending and 31 days for cases non-pending • Complete Pensionable and Insurable Earnings Review (PIER) requests within 90 days of receipt and requests from the public within 31 days • Use technology to expand validation programs for risk management

Appeals

The outcome being sought by our Appeals business line is that Canadians receive an impartial and timely review of contested decisions through our redress system.



Improving the timeliness of our appeals process is a key priority for enhancing the service we provide to Canadians.

The CCRA's redress and dispute resolution service is one of the largest in the federal government. It is imperative that the system not only be fair, but that it be perceived as fair to earn and sustain clients' trust and confidence, and in turn, promote voluntary compliance. This requires that clients are informed of their rights and how to exercise them, and that the system functions in an impartial and timely manner.

As we stated in our *Annual Report*, while our dispute resolution process is transparent, accessible, fair and consistent, it is not always timely. Improving the timeliness of our appeals process is a key priority for enhancing the service we provide to Canadians. Regional offices are taking immediate action at the local level to improve timeliness, while a project team has been established to examine the underlying causes of the size and age of inventories. It will make recommendations by the last quarter of 2001-2002, forming the basis of a timeliness framework to be implemented next year. We anticipate that it will include establishing targets for processing disputes, a quality-monitoring program, and a competency profile for all staff.

Our *7-Point Plan for Fairness* launched in 1999 has now reached a level of maturity where it is entrenched in the way we do business on a daily basis. While co-ordination of this initiative rests with Appeals, the responsibility is shared across all business lines to ensure that fairness remains an integral part of our organizational culture.

Over the planning period, we will also develop a service standard review cycle to systematically identify opportunities for improvements. This will involve a client satisfaction survey in 2002-2003 using the results of a survey we conducted in 1998 as a baseline. The new survey will enable us to assess the progress we have achieved in improving client satisfaction, which we anticipate in the range of 10%, as well as to identify further opportunities for client-driven program improvements in areas such as timeliness, transparency, and cost.

Exhibit H focusses on the key elements of the redress system required to ensure that Canadians receive an impartial and timely review of CCRA decisions. As in our other business lines, the work to better define our success criteria is an ongoing priority.

Exhibit H – Appeals

Expected outcome - Canadians receive an impartial and timely review of contested decisions through our redress system	
Anticipated Results	Success Criteria
Transparent, accessible, and consistent redress mechanisms promote fair and impartial treatment	<ul style="list-style-type: none"> • Establish multi-year targets related to the transparency and consistency of dispute processing by September 2002 • Complete client satisfaction survey in 2002-2003. Increase client satisfaction ratings by 10% over the 1998 survey
Our dispute resolution service is provided on a timely basis	<ul style="list-style-type: none"> • Implement recommendations of the Timeliness Project report in fiscal 2002-2003 • Establish multi-year targets related to the timeliness of dispute processing by September 2002 • Complete client satisfaction survey in 2002-2003. Increase client satisfaction ratings by 10% over the 1998 survey
Handling of fairness provisions is consistently applied across programs and regions	<ul style="list-style-type: none"> • Implement and report on results of a quality-monitoring program by September 2002 • Implement a training framework by September 2002
Risk management of dispute and litigation issues is effective	<ul style="list-style-type: none"> • Implement a risk management framework by December 2002
Knowledgeable and skilled workforce in the right place at the right time	<ul style="list-style-type: none"> • Meet continuing challenge in recruitment and retention with integrated HR strategies

Managing the Compliance Continuum

Corporate Management and Direction

The expected outcome for Corporate Management and Direction is that performance of our business services and operations is maximized through modern and innovative management approaches.

Work in this business line involves developing the infrastructure of people, financial resources, information technology and administrative systems we need to support effective and efficient program delivery.

Work in this business line involves developing the infrastructure of people, financial resources, information technology, and administrative systems we need to support effective and efficient program delivery. It also complements the work of other business lines in managing the compliance continuum in areas such as information technology (IT), systems security, financial reporting, and responding to requests under the Access to Information Act. Increasingly, Corporate Management and Direction is providing a focal point for capitalizing on the CCRA's new flexibilities and accountabilities.

Over the planning period, we will increase our efforts to raise internal awareness of the Access to Information and Privacy program (ATIP), to continue improving the average turnaround time for processing access requests, and to reduce complaints to the Information Commissioner. An indicator of our success will be an improvement in the performance rating we are assigned by the Information Commissioner.

We will also enhance our capacity to deposit all revenue streams within the 24-hour standard, and we will continue our work in implementing the CCRA's *Sustainable Development Strategy: 2001 to 2004*, guided by key measurement criteria relating to paper, energy and emission reductions.

Of critical importance to both the successful completion of the CCRA's change agenda and improving the efficiency and effectiveness of our day-to-day business operations is the continued implementation of the CCRA's IT Strategy Framework. In the coming three years, we will focus on the following four key IT initiatives and projects:

- Service Availability and Improvement – to bring our physical data centres and hardware/software in line with continuous service availability (every day and all day).
- Data Centre Recoverability – to deliver improved capabilities to recover data centres and core services in the event of a major disaster.
- Electronic Commerce Infrastructure – to support and keep pace with the growth in e-business, as described in the Innovation section of this document.
- Business Intelligence/Decision Support – to deliver a common corporate framework for the management and storage of high-quality data central to the effective planning and management of program delivery.

As Exhibit I illustrates, the success criteria established to deliver the anticipated results for this business line reflect a strong commitment to continuous improvement. We will continue to refine the success criteria to add clarity and precision. Meeting these criteria will contribute to a secure basis for the further implementation of modern and innovative management approaches.



Exhibit I – Corporate Management and Direction

Managing the Compliance Continuum	Expected outcome - Performance of our business services and operations is maximized through modern and innovative management approaches	
	Anticipated Results	Success Criteria
	Confidentiality of client information is protected	<ul style="list-style-type: none"> • Establish benchmark for systems security
	Canadians’ desire for transparency in public administration is addressed	<ul style="list-style-type: none"> • Sustained performance between B and C grades (using Information Commissioner’s scale) • Development and implementation of modernized IT infrastructure to support ATIP Program
	Sound financial and treasury management	<ul style="list-style-type: none"> • Improved financial management controls and systems responsive to internal and external stakeholder needs • Meet standard for 24-hour deposit; establish standard for customs duties • Full implementation of Sustainable Development Strategy
Operational excellence and solutions leadership in information technology	<ul style="list-style-type: none"> • Continuous availability of Customs systems infrastructure at Headquarters and at key border sites by 2003-2004 • Data Centre recoverability infrastructure components and response procedures in place for customs distributed applications by 2002 and for all other essential services by 2005 • Implementation of a single common e-commerce infrastructure, to deliver all critical e-commerce services by 2004 	

Conclusion

In the Compliance chapter of this plan, we describe the body of work we will pursue in relation to our core operations, including criteria we have set to help measure our performance. This relates to our aim of having **Canadians comply with tax, trade, and border legislation and regulations, thereby contributing to the economic and social well being of Canadians.**

The chapter, Innovation, speaks to our change agenda and the program of innovation we are following to improve the service we deliver to Canadians. Here, **we are guided by our four change objectives: 1) transformation of our core business; 2) human resources reform and renewal; 3) administrative reform and renewal; and 4) transparent management for results. These link to our aim of positioning the CCRA as a leading-edge service organization.**

There is a strong link between the projects and initiatives that make up our innovation agenda and the ongoing day-to-day operations of the CCRA. As the projects unfold, their results influence and are integrated into the core operations of the organization. In this way, the CCRA is able to leverage the return on our innovation investment to ensure high levels of overall compliance across our business lines.

It is our belief that this approach, identifying strategic change through innovative projects and initiatives and integrating the results from those efforts into our core operations, will help establish the CCRA as an organization that is striving for continuous learning and improvement.



Concluding remarks by

the Commissioner



The creation of the CCRA brought a new sense of optimism and energy into our organization. We have worked hard over the past two years to sustain this momentum, and we will carry it forward into our third full year of operations. This business plan will help ensure that we stay on course by building on past accomplishments and fine-tuning the change agenda set out in our previous plan.

Our four objectives for change, now well established, are guiding our efforts across the organization in an atmosphere of positive transformation. Enhancements to the services we deliver to Canadians are continuing quickly, enabled by improvements in our human resources and administration regimes. Clearer targets for performance are being established, and our ability to report on our results continues to be developed. We are progressing toward new levels of accountability with a firm undertaking to be open and transparent about our performance. With this undertaking comes a stronger capacity to be clear about problems that inevitably arise and to be accountable for the actions we take to resolve difficulties.

The people at the CCRA can take pride in the progress made during these rapidly changing times. Through our efforts at building a state-of-the-art human resources regime, we have chosen a course that not only embraces change but also recognizes the inherent adaptability of people in responding to it. The CCRA's new Management Group will continue to play an important part in our commitment to creating a truly people-centred agency with a culture of learning and innovation. In creating such an environment, we can and will respond to future challenges with confidence and with respect for the clients we serve.

In the end, it is my firm belief that it is the people of the CCRA who bring life to the vision depicted in our plan. Through their proven commitment, and their capacity to learn and adapt, we will continue purposefully along the path we set out when we became an agency.

Rob Wright

Board of Management

The Board of Management, consisting of 15 members, including the Chair and the Commissioner, constitutes a new and innovative approach to governance resulting from the creation of the CCRA. The Board guides us in our effort to provide better service to Canadians by overseeing business planning as well as policies that govern agency resources, services, property, personnel, and contracts.

Michael L. Turcotte

Chair, Board of Management
Corporate Director
Montréal, Quebec

Camille Belliveau

Senior Consultant (self-employed)
Shediac, New Brunswick

Esmail Bharwani

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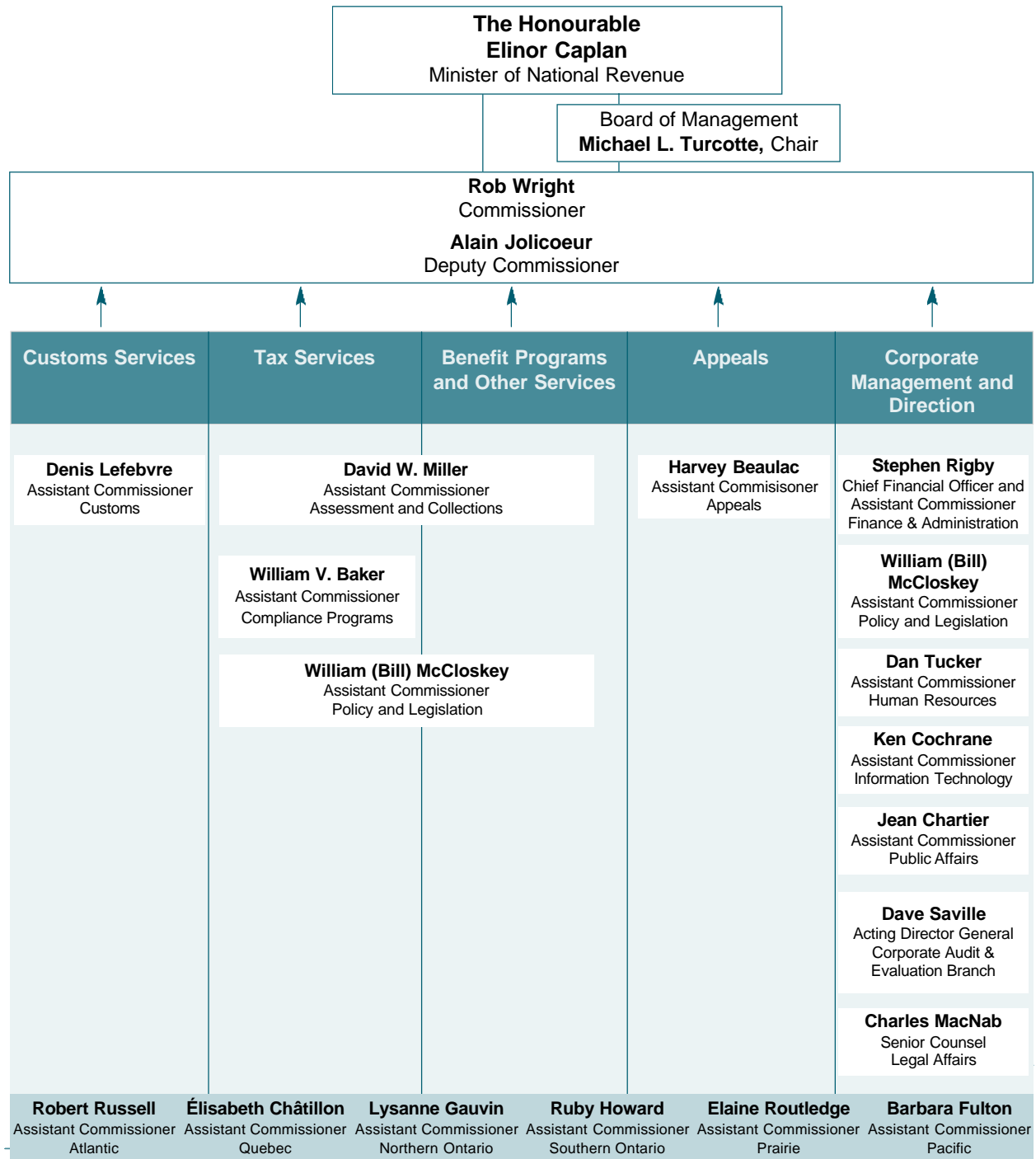
Stephen E. Rudin

Executive Director
Alzheimer Society of Canada
Toronto, Ontario

Rob Wright

Commissioner
Canada Customs and Revenue Agency

Organizational Structure



Note: The Assistant Commissioners, Director General, and Senior Counsel report to the Commissioner.



Supplement

Detailed Financial Information

Table of Contents

CCRA Financial Overview	51
Overview of planned spending for 2002-2003 to 2004-2005	
Sources and Planned Applications of Funds	53
Financial tables summarizing CCRA's sources of funds, expenditures, and business line spending	
Investment Plan	62
CCRA's Investment Plan objectives and summary	
Asset Management Plan	69
Outline of requirements for renewal and replacement of assets	

CCRA Financial Overview

The Canada Customs and Revenue Agency (CCRA) plays an essential role in contributing to the social and economic well-being of Canadians. No other public organization touches the lives of more Canadians on a daily basis than we do. Ours is a diverse and complex organization. We have an annual budget that exceeds \$3 billion, and a workforce that represents more than a quarter of the public service.

In 2000-2001, we collected close to \$300 billion in taxes. We processed more than 23 million individual and trust returns, and over 1 million corporate returns. We delivered over \$10 billion in benefit and credit payments to Canadian households. In terms of customs services, we served over 111 million travellers and processed more than 10 million commercial releases.

Indeed, managing a comprehensive set of programs in an organization as large as the CCRA is a significant responsibility and undertaking. Our success and performance depends in large part on securing an adequate resource base and managing these resources effectively.

The following is summary of our operating budget, detailing our planned spending for the 2002-2003 to 2004-2005 planning period.

Agency Planned Spending Summary

(Thousands of dollars)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Operating Budget	2,477,790	2,526,530	2,518,074	2,565,483
Carry Forward from 2000-2001 to 2001-2002	175,796			
Investment Plan	110,000	112,700	110,000	110,000
Asset Management Plan:				
Other Operating	139,523	137,186	137,186	137,186
Major Capital Budget	27,236	23,349	23,349	23,349
Grants and Contributions	240,028	248,326	255,326	263,326
Employee Benefit Plans	455,695	431,668	436,752	448,651
Respendable Revenue	26,872	24,888	24,711	24,790
Revenues Credited to the Vote	(142,045)	(140,889)	(140,889)	(140,889)
Total Planned Spending	3,510,895	3,363,758	3,364,509	3,431,896
Total Planned FTE	47,701	47,551	47,498	48,028

Resource Developments

In the spring of 2001, in response to Resource and Management Review recommendations, the CCRA secured additional resources to: relieve specific operational workload pressures, better manage revenue collection workloads, and increase audit coverage rates needed to protect the tax base. As well, in the 2001 Budget Plan, the CCRA received supplementary funding, in the amount of \$328 million over the next five years, to finance a series of initiatives to enhance border security in the wake of the September 11 terrorist attacks.

The additional funding has significantly strengthened the CCRA's resource foundation, and has enabled us to manage current programs and workload volumes. The challenge for the CCRA over the planning period will be to operate within this resource base, given further anticipated increases in tax and benefits workload volumes. We plan to deal with these pressures through strategic cost management and productivity improvement measures.

The accompanying pages provide detailed financial information in support of the CCRA's *Summary of the Corporate Business Plan 2002-2003 to 2004-2005*, including planned spending, funding sources, and overviews of our Investment Plan and Asset Management Plan.

Sources and Planned Applications of Funds

1. CCRA's Financial Spending Profile

(\$millions)	Forecast 2001-2002 ¹	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Customs Services	464.5	592.1	533.2	527.6
Tax Services	1637.4	1889.1	1922.7	1955.9
Benefit Programs and Other Services	174.9	195.9	203.1	211.4
Appeals	74.3	88.6	90.6	92.1
Corporate Management and Direction	632.1	739.0	755.8	785.8
Budgetary Main Estimates (gross)	2,983.2	3,504.7	3,505.4	3,572.8
Less: Revenues Credited to the Vote	142.0	140.9	140.9	140.9
Total Main Estimates	2,841.2	3,363.8	3,364.5	3,431.9
Adjustments ¹	669.7	62.4	54.8	52.8
Less: Non-Respendable Revenue	163.3	163.3	166.1	168.9
Respendable Revenue - Pursuant to CCRA Act	26.9	24.9	24.7	24.8
Plus: Cost of Services Received Without Charge	455.1	446.0	447.8	452.2
Net Cost of Program	3,775.8	3,684.0	3,676.3	3,743.2
Full Time Equivalents²	43,285	47,551	47,498	48,028

¹ 2001-2002 Adjustments include a Carry Forward from 2000-2001, \$184.2M which was appropriated in 2000-2001 and will be spent in 2001-2002.

² FTEs correspond to the Main Estimates prior to adjustments.

2. Agency Summary – Part II of the Main Estimates

Vote	(\$thousands)	2002-2003 Main Estimates	2001-2002 Main Estimates
Canada Customs and Revenue Agency			
1	Operating Expenditures	2,635,462	2,188,113
5	Capital Expenditures	23,349	13,727
10	Contributions	110,326	110,326
(S)	Minister of National Revenue – Salary and Motor Car Allowance	65	52
(S)	Spending of Revenues Received Through the Conduct of its Operations Pursuant to Section 60 of the <i>Canada Customs and Revenue Agency Act</i>	24,888	29,664
(S)	Contributions to Employee Benefit Plans	431,668	374,347
(S)	Children's Special Allowance Payments	138,000	125,000
Total Agency		3,363,758	2,841,229

3. Agency Summary – Standard Object of Expenditure

(\$thousands)	Forecast 2001-2002 ¹	Planned 2002-2003 ²	Planned 2003-2004 ²	Planned 2004-2005 ²
Personnel				
Salaries and Wages	2,278,527	2,158,405	2,183,820	2,243,321
Contributions to Employee Benefit Plan	455,695	431,668	436,752	448,651
Sub Totals:	2,734,222	2,590,073	2,620,572	2,691,972
Goods and Services				
Transportation and Communications	190,724	175,077	176,727	173,989
Information	5,346	4,893	4,940	4,862
Professional and Special Services	163,155	160,409	161,801	159,491
Rentals	12,394	13,287	13,395	13,216
Purchased, Repair and Maintenance	88,515	82,980	83,757	82,468
Utilities, Materials and Supplies	72,344	65,463	66,071	64,927
Other Subsidies and Payments	2,555	2,339	2,361	2,325
Acquisition of Machinery and Equipment	116,421	138,451	97,099	92,860
Sub Totals:	651,454	642,899	606,151	594,138
Capital				
Acquisition of Land, Building and Works	27,236	23,349	23,349	23,349
Transfer Payments				
Grants (Statutory Payments)	127,000	138,000	145,000	153,000
Contributions	113,028	110,326	110,326	110,326
Sub Totals:	240,028	248,326	255,326	263,326
Gross Budgetary Expenditures	3,652,940	3,504,647	3,505,398	3,572,785
Less: Revenues Credited to the Vote	142,045	140,889	140,889	140,889
Net Budgetary Expenditures	3,510,895	3,363,758	3,364,509	3,431,896

¹ 2001-2002 Forecast as at October 2001, including additional resources for Public Security and Anti-Terrorism initiatives.

² 2002-2003 and onwards reflect the approved Reference Levels (2002-2003 Annual Reference Level Update) including Public Security and Anti-Terrorism initiatives announced in the December 10, 2001, federal budget.

4. Business Line Planned Spending

4.1 Customs Services

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Customs Services				
Sub-Business Lines				
Customs Branch (incl. Public Security & Anti-Terrorism)	553,480	561,361	502,646	497,124
Major Capital	27,236	23,349	23,349	23,349
IT - Customs	12,999	5,746	5,693	5,692
Other/Revenues Credited to the Vote	1,592	1,661	1,549	1,447
Total Planned Spending	595,307	592,117*	533,237	527,612
Total Planned FTE	8,292	8,398	8,174	8,075

* The planned Spending for fiscal 2002-2003 includes funding found in Budget Plan 2001 for Public Security and Anti-Terrorism initiatives.

4.2 Tax Services

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Tax Services				
Sub-Business Lines				
Assessment & Collections Branch	843,701	798,340	806,089	820,354
Policy & Legislation Branch	70,963	66,034	64,340	64,168
Contributions to Quebec for Joint Administration of Sales Taxes	113,028	110,326	110,326	110,326
Compliance Programs Branch	685,670	703,202	733,422	751,018
IT - Tax Services	52,245	38,462	37,941	37,936
Publishing	101,480	98,786	98,948	99,196
Other/Revenues Credited to the Vote	(48,007)	(29,068)	(31,329)	(30,090)
Total Planned Spending	1,819,080	1,786,082	1,819,737	1,852,908
Total Planned FTE	29,343	29,026	29,640	30,182

4.3 Benefit Programs and Other Services

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Benefit Programs and Other Services				
Sub-Business Lines				
Assessment & Collections Branch				
Benefit Programs	44,857	43,882	44,241	44,564
Relief for Heating Expense	62,552			
Children's Special Allowance	127,000	138,000	145,000	153,000
IT - Benefit Programs	14,471	12,674	12,520	12,519
Other/Revenues Credited to the Vote	2,733	932	894	894
Total Planned Spending	251,613	195,488	202,655	210,977
Total Planned FTE	1,020	1,036	1,042	1,049

4.4 Appeals

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Appeals				
Sub-Business Lines				
Appeals Branch	87,031	88,419	90,412	91,919
Other/Revenues Credited to the Vote	(5,617)	(8,211)	(8,211)	(8,211)
Total Planned Spending	81,414	80,208	82,201	83,708
Total Planned FTE	1,233	1,291	1,328	1,354

4.5 Corporate Management and Direction

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Corporate Management and Direction				
Sub-Business Lines				
Executive Offices	5,200	5,170	5,170	5,170
Finance and Administration Branch	303,412	288,924	281,412	283,014
Human Resources Branch	145,785	137,164	136,567	136,337
Information Technology Branch	248,479	225,483	222,577	225,738
Other/Revenues Credited to the Vote	60,605	53,122	80,953	106,432
Total Planned Spending	763,481	709,863	726,679	756,691
Total Planned FTE	7,813	7,800	7,314	7,368

5. Summary of Major Capital Spending by Business Line

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Customs Services				
Construction Projects	22,343	17,694	18,091	18,649
Health and Safety Projects	1,647	1,945	1,945	1,645
Other Projects	3,246	3,710	3,313	3,055
Total	27,236	23,349	23,349	23,349

6. Details of Major Capital Project Spending

(\$thousands)	Current Estimated Total Cost	Forecast Expenditures to March 31, 2002 ¹	Planned Expenditures 2002-2003	Planned Expenditures 2003-2004	Planned Expenditures 2004-2005	Future Years' Requirements ²
Customs Services						
Construction Projects:						
Andover, N.B.	5,761	471	1,075	4,215		
Armstrong, Quebec	7,076	282	2,000	4,794		
Clarenceville, Quebec	750	25	725			
Rigaud, Quebec	440	440				
Stanstead Route 55, Quebec	5,012	920	1,685	2,407		
Emerson East Lynn, Man.	500	50	450			
Emerson West Lynn, Man.	12,658	12,658				
Coutts, Alberta	16,596	15,076	1,520			
Coutts Animal Inspection, Alberta	1,600	1,600				
Aldergrove, B.C.	9,935		2,260	1,233	6,442	
Douglas, B.C.	15,215	2,939	1,200	4,442	6,634	
Kingsgate, B.C.	7,433		860	1,000	5,573	
Nelway, BC	852	852				
Osoyoos, B.C.	17,030	11,111	5,919			
Little Gold Creek, Y.T.	1,820	1,820				
Design Templates	300	300				
Sub totals:	102,978	48,544	17,694	18,091	18,649	—
Health and Safety Projects	20,656	11,392	1,945	1,945	1,645	3,729
Other Projects	38,358	7,602	3,710	3,313	3,055	20,678
Total Spending Planned for Major Capital Projects	161,992	67,538	23,349	23,349	23,349	24,407

¹ Total spending (all years) to March 31, 2002.

² Plan currently being developed.

7. Summary of Transfer Payments

(\$thousands)	Forecast 2001-2002	Planned 2002-2003	Planned 2003-2004	Planned 2004-2005
Grants				
Benefit Programs and Other Services				
Children's Special Allowance Payments	127,000	138,000	145,000	153,000
Contributions				
Tax Services				
Contributions to the Province of Quebec in Respect of the Joint Administration				
Costs of Federal and Provincial Sales Taxes	113,028	110,326	110,326	110,326
Total Transfer Payments	240,028	248,326	255,326	263,326

8. Total Respendable and Non-respendable Revenue

(\$thousands)	Forecast Revenue 2001-2002	Planned Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005
Respendable Revenue - Revenues Credited to the Vote				
Canada Pension Plan	61,472	63,676	63,676	63,676
Employment Insurance	80,573	77,213	77,213	77,213
Sub totals:	142,045	140,889	140,889	140,889
Respendable Revenue - Pursuant to the <i>CCRA Act</i>	26,872	24,888	24,711	24,790
Total Respendable Revenue	168,917	165,777	165,600	165,679
Non-respendable Revenue	163,328	163,328	166,083	168,878
Total Respendable and Non-respendable Revenue	332,245	329,105	331,683	334,557

9. Responsible Revenue – Pursuant to the CCRA Act

(\$thousands)	Forecast Revenue 2001-2002	Planned Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005
Refunds of previous years expenditures	1,066	992	922	852
Sales of goods and services				
Rights and privileges				
Brokers licence fees	388	380	370	368
Customs warehouse fees	1,000	1,000	900	800
Other	100	100	100	100
Services of a regulatory nature				
Ruling fees	1,900	2,000	2,100	2,200
Other	702	705	705	705
Services of a non-regulatory nature				
Administration of provincial programs	23,807	19,088	19,035	19,237
Special services fees	1,846	1,846	1,846	1,846
Others	986	873	873	873
Other fees and charges	75	75	75	75
	31,870	27,059	26,926	27,056
Less: Amounts Recovered on behalf of OGDs	4,998	2,171	2,215	2,266
Total Responsible Revenue Pursuant to the CCRA Act	26,872	24,888	24,711	24,790

10. Non-respendable Revenue

(\$thousands)	Forecast Revenue 2001-2002	Planned Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005
Refunds of previous years' expenditures				
Adjustments to prior year's payables	1,800	1,650	1,300	950
Sales of goods and services				
Rights and privileges				
Duty free shops ¹	1,400			
Public building and property rental				
Lease and use of public property	634	641	649	656
Services of a regulatory nature				
Other	16	16	16	16
Sales of goods and information products				
Sale of unclaimed goods, seals, etc.	70	70	70	70
Other fees and charges	61	61	61	61
Proceeds from the disposal of surplus Crown assets	400	400	400	400
Interest and penalties earned on revenues				
Penalties - GST	88,956	90,290	91,645	93,019
Penalties - Other	4,354	4,419	4,485	4,553
Interest - GST	71,348	72,418	73,504	74,607
Interest - Other	11,721	11,897	12,075	12,256
Interest paid on tax refunds - GST	(41,948)	(42,577)	(43,216)	(43,864)
Interest paid on tax refunds - Other	(38,634)	(39,214)	(39,802)	(40,399)
Interest on non-tax revenue - Other	12	12	12	12
Other non-tax revenues				
Revenues from fines				
Fine and forfeitures	15,155	15,383	15,613	15,848
Port seizures	11,377	11,548	11,721	11,897
Investigation services seizures	803	815	827	840
Miscellaneous				
Recovery of employee benefits	30,667	30,286	31,431	32,585
Other	5,136	5,213	5,292	5,371
Total Non-respendable Revenue	163,328	163,328	166,083	168,878

¹ Reflects revenues for first quarter only, as program cancelled effective July 1, 2001

11. Net Cost of Program for the Estimates Year

(\$millions)	Total
Main Estimates	3,363.8
Adjustments	62.4
Total Main Estimates	3,426.2
Plus: Services Received Without Charge	
• Accommodation provided by Public Works and Government Services Canada (PWGSC) ¹	220.0
• Employer's Share of Employee Benefit Costs and Insurance Premiums Provided by Treasury Board Secretariat	161.9
• Legal Services provided by Justice Canada	57.9
• Audit Services by the Office of the Auditor General	3.3
• Workers' Compensation Benefits coverage provided by Human Resources Development Canada	2.9
Total Services Received Without Charge	446.0
Less: Respendable Revenue ²	24.9
Less: Non-respendable Revenue	163.3
2002-2003 Net Program Cost	3,684.0

¹ The responsibility for accommodation will be transferred to the CCRA from PWGSC. The resources associated with the transfer are currently under negotiation.

² Includes Respendable Revenue - Pursuant to the *CCRA Act*.

Investment Plan

The CCRA has implemented a rolling three-year Investment Plan, which is reviewed and updated annually, with a funding base set at \$110 million per year. Strategic investments, including externally-driven and agency-driven initiatives, are planned and managed in the context of this plan. Each of the investment projects identified in the following table contributes to the advancement of the CCRA's four change objectives: 1) business transformation; 2) human resources reform and renewal; 3) administrative reform and renewal; and 4) transparent management for results. Our objective is to make investments that are sustainable and adaptable to the continuously evolving environment in which we operate.

The investment projects identified in the table opposite involve:

- replacing ageing business systems where periodic upgrades are no longer a viable alternative;
- enhancing government partnerships, getting government on line, and using new service options;
- improving our ability to monitor and manage our resources effectively;
- enhancing our ability to manage risk and increasing our ability to ensure client compliance;
- improving handling capability to meet increases in workload complexity and volume; and
- meeting changes in client service expectations due to economic, social, and technological change.

The figures displayed in the table include project development costs funded largely from the Investment Plan fund. Costs may not include funding from other sources, for example business line base resources.

Investment Plan Summary

Project (\$ millions)	Forecasted expenditures to date	2002- 2003	2003- 2004	2004- 2005	Future Spending	Total Estimated Cost	Project Description
NEW PROJECTS SINCE LAST PLAN							
Customs Services							
G11 Replacement		1.2	1.6	1.6		4.4	To replace Customs current G11 system, which collects information on volumes relating to the core activities at each Customs office, to ensure better data integrity and assist management with resource planning.
Corporate Management & Direction							
E-Comm Infrastructure	1.8	3.2				5.0	To acquire a new E-Business Computing Infrastructure to enable the migration of current electronic commerce services from their current respective platforms and to enable the future growth of E-Business initiatives to meet the CCRA's growing requirements for new electronic services and applications.
Business Intelligence BI/DS		3.8				3.8	To allow for replacement of existing "stove-pipe" information systems with an integrated agency-wide "data warehouse." This will be a platform for specific applications that will provide performance information to senior management.
FIS Development Phase 2	12.6	7.7				20.3	The Phase 2 initiatives will enhance the Revenue Ledger System and processes to support accrual accounting, control, reconciliation and internal and external reporting requirements related to the Treasury Board's Financial Information Strategy.
Total New Projects	14.4	15.9	1.6	1.6		33.5	

Investment Plan Summary (cont'd)

Project	Forecasted expenditures to date	2002-2003	2003-2004	2004-2005	Future Spending	Total Estimated Cost	Project Description
EXISTING PROJECTS							
Customs Services							
Customs Action Plan ¹	83.6	25.6	14.8	14.8		138.8	Strengthen the security of our borders, streamline the movement of low-risk, legitimate goods and people, and help make Canadian businesses more competitive. Expand the CANPASS programs, which expedite processing of pre-approved travellers at the border, to large land border crossings and airports.
Cash Flow as per CBP 2001	83.6	25.6	14.8	14.8		138.8	No change.
Tax Services							
Other Levies System (OLS)	23.9	17.0	4.8	0.5		46.2	Enhancements to the current excise tax systems to enable the CCRA to provide improved service to the client and gain effectiveness associated with program delivery provided on a functional basis.
Cash Flow as per CBP 2001	19.6	18.2	4.5			42.3	Changes of funding within the different years was due to a reprofiling of the project.
Call Centre Enhancements		0.9	1.9	1.6	1.2	5.6	To ensure continuous process improvements in our already established Collection Call Centre and to implement an Interactive Voice Response system, a Computer Telephony Integrated Front End, an Electronic Quality Listening and Monitoring Program, and Payments of Debts by Telephone and on the Internet.
Cash Flow as per CBP 2001	1.3	1.9	2.2	2.8		8.2	Changes of funding within the different years was due to the project being rescoped and work being pushed to future years.
Integrated Revenue Collections	1.0	2.3	1.1			4.4	To manage, follow-up, and assign workloads of individual and business Revenue Collections cases at the Client level to satisfy Revenue Collections' business and operational goals and objectives.
Cash Flow as per CBP 2001	1.1	1.9	0.5			3.5	Changes of funding within the different years was due to more accurate estimates.

¹ The additional resources approved in 2001 Budget Plan to enhance border security are not reflected in the Investment Plan.

Investment Plan Summary (cont'd)

Project	Forecasted expenditures to date	2002-2003	2003-2004	2004-2005	Future Spending	Total Estimated Cost	Project Description
T1 Income Tax Returns Matching Redesign	1.9	1.0	0.5			3.4	To improve the matching process by making the most effective use of information slip data provided by third parties, to ensure that clients correctly report income from a variety of sources.
Cash Flow as per CBP 2001	1.7	0.8	1.4			3.9	Changes of funding within the different years was due to more accurate estimates and reprofiling the work.
T3 Tax Returns Automation	1.6	0.9				2.5	To develop a fully automated system that will accept the electronic filing of T3 returns, which will reduce processing costs, reduce the number of redundant tasks currently performed in the manual processing of T3s, and improve compliance.
Cash Flow as per CBP 2001	1.9	0.8	1.2			3.9	Changes of funding within the different years was due to more accurate estimates of costs and work involved.
Appeals							
Fairness Registry Business Requirements Analysis	0.6	0.9	1.0			2.5	To enhance the system to register, manage, and report on requests from Canadians for discretionary cancellations or waivers of late-filing, penalties, and interest. The enhancements will also allow CCRA to report annually to Parliament on the cancellations.
Cash Flow as per	1.5	1.5				3.0	Changes of funding within the different years was due to more accurate estimates and reprofiling the work.
Corporate Management and Direction							
Service Availability	9.0	6.7	5.6			21.3	To develop 7-day by 24-hour service provision of the mainframe computing infrastructure. Service Availability improvements will result in modifications to the physical infrastructure, the technology infrastructure, and the associated processes and procedures.
Cash Flow as per CBP 2001	10.1	7.9	8.7	3.0		29.7	Changes of funding within the different years was due to more accurate analysis and estimates and removal of their ongoing costs.

Investment Plan Summary (cont'd)

Project	Forecasted expenditures to date	2002-2003	2003-2004	2004-2005	Future Spending	Total Estimated Cost	Project Description
Data Centre Recoverability	4.7	3.9	3.9	3.9		16.4	To develop and implement recovery capabilities of essential CCRA systems in the event of catastrophic loss of either Data Centre Heron (DCH) or Data Centre St. Laurent (DCSL), to ensure delivery of essential services to Canadians.
Cash Flow as per CBP 2001	4.8	4.0	4.0	4.0		16.8	Changes of funding within the different years was due to more accurate estimates.
Agency Classification System	2.0	2.1	4.8			8.9	Preparedness to implement the Agency Classification System through significant classification conversion effort and the strict alignment of on-line pay changes.
Cash Flow as per CBP 2001	2.6	4.1	5.7			12.4	Changes of funding within the different years was due to more accurate estimates.
HR Resourcing	3.1	2.2	0.8			6.1	The implementation of state-of-the-art technology to position the CCRA to compete in the global workforce market through employee self-service and Human Resource Management.
Cash Flow as per CBP 2001	3.3	2.0	0.8			6.1	No change.
Corporate Administration System Stabilization	18.3	2.5				20.8	To complete activities to stabilize CAS including eliminating non-essential use of on-line pay, reducing batch processing errors, implementing all current Legal Change Patches, resolving data integrity issues, and updating system/training documentation.
Cash Flow as per CBP 2001	20.8					20.8	No change in total funding required; however, some work was reprofiled to future years.
Corporate Administration System Upgrade	3.9	1.2				5.1	To upgrade the SAP product to 4.6 to be ready to enable processes identified as key administrative reform and renewal objectives.
Cash Flow as per CBP 2001		4.8				4.8	Change due to an increase in costs and work being reprofiled over two years.

Investment Plan Summary (cont'd)

Project	Forecasted expenditures to date	2002-2003	2003-2004	2004-2005	Future Spending	Total Estimated Cost	Project Description
Administrative Reform and Renewal	4.6	14.4	2.5	0.4		21.9	The CCRA wants to have in place the most effective systems and processes tailored to meet its needs. The focus of this initiative is to enhance service delivery through the strengthening of our Management Framework, while introducing administrative integration, flexibility, and efficiencies.
Cash Flow as per CBP 2001	2.0					2.0	Increase in total costs because costs in 2001 were for analysis phase only.
Activity Based Costing	0.5	0.5				1.0	The CCRA has undertaken a feasibility study to assess the viability of adopting Activity-Based Costing/Management methodology to improve its strategic management and meet its cost information needs. There will be future requirements if the assessment phase indicates this to be viable and valuable.
Cash Flow as per CBP 2001	1.0					1.0	No change in total funding required; however, the work was reprofiled to future years.
Balanced Scorecard	6.1	6.8	5.1	2.3		20.3	Implement a new corporate performance measurement framework to satisfy reporting requirements and to move the CCRA toward a strategically operating entity able to quickly adjust to changing partner needs and environmental impacts.
Cash Flow as per CBP 2001	5.9	6.8	5.1	3.4		21.2	Reduction and total costs due to more accurate estimates.
Total Existing Projects	165.0	88.7	46.8	23.5	1.2	325.2	

Investment Plan Summary (cont'd)

Project	Forecasted expenditures to date	2002-2003	2003-2004	2004-2005	Future Spending	Total Estimated Cost	Project Description
COMPLETED PROJECTS SINCE LAST PLAN							
Tax Services							
Government On-Line Phase 1	18.4	tbd	tbd	tbd		18.4	The CCRA identified a number of initiatives to help accelerate the current processes towards its Government On-Line agenda. The CCRA is in a unique position to allow Canada to become a model user of information technology and the Internet. Some of the Phase I GOL initiatives include T4 NETFILE, Payroll TELEFILE, Registrations-Partners, GST/HST NETFILE, Self Serve Options, Access to Accounts and Change of Address and other Identification Changes on the Net. Future year funding for some of these initiatives is subject to Treasury Board approval. A business case for GOL Phase 2 has been submitted to Treasury Board for key initiatives for services such as Charities, Business Registration, Child and Family Benefits, and Payroll and Source Deductions.
Cash Flow as per CBP 2001	22.1					22.1	Changes of funding due to more accurate estimates.
Total funding committed	197.8	104.6	48.4	25.1	1.2	377.1	
Project Funding to be assigned	5.4	8.1	61.6	84.9	108.8	268.3	
Total Investment Fund	203.2	112.7	110.0	110.0	110.0	645.9	
CANCELLED PROJECT SINCE LAST PLAN							
Customs Services							
PALS License Plate Readers							Cancelled due to Windsor's Ambassador Bridge lanes not being widened, therefore readers were not required.

Asset Management Plan

Our Asset Management Plan outlines the renewal and replacement requirements for vehicles, laboratory and contraband detection equipment, information technology hardware, communications systems and equipment, and real property holdings. The objective is to maintain a strong, modern, and adaptable infrastructure that will support current operations and future program delivery. The following table identifies the cost of renewing and replacing these assets over the planning period.

Summary of Asset Management Plan

Asset Management (in \$ thousands)	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Vehicles and Equipment					
Vehicles	2,666	1,791	1,791	1,791	1,791
Contraband detection	1,662	1,670	1,670	1,670	1,670
Laboratory	392	395	395	395	395
Servers, Mainframe & Annual Software					
Renewal and Maintenance	69,276	69,311	69,311	69,311	69,311
Desktop and Laptops	38,276	38,311	38,311	38,311	38,311
Other Replacement Funding	2,775	2,781	2,781	2,781	2,781
Total for Vehicles and Equipment	115,047	114,259	114,259	114,259	114,259
Real Property					
Major Capital	27,236	23,349	23,349	23,349	23,349
Other Operating	24,476	22,927	22,927	22,927	22,927
Total for Real Property	51,712	46,276	46,276	46,276	46,276
Total Asset Replacement Funding	166,759	160,535	160,535	160,535	160,535

To sustain assets that are integral to program delivery, we are guided by the following objectives:

- eliminating “rust-out”;
- pursuing total cost of ownership for business investments, taking into consideration the full life cycle costs for acquisitions in our Investment Plan, for which ongoing costs are then incorporated into the Asset Management Plan;
- managing assets for maximum effectiveness and efficiency, and, in doing so, continually looking for less expensive but equally effective alternatives; and
- sustaining infrastructure that attracts new partnerships, such as our large capacity computing infrastructure, and our processing centres.